

***Commonwealth of Kentucky
Department of Revenue***

**KENTUCKY
E-FILE
TEST PACKAGE**



***Tax Year 2005
Processing Year 2006***

**Kentucky Department of Revenue
Electronic Filing**

**KY Publication 1436
November 2005**

Kentucky Testing Procedures

Concerning Tax Year 2005, Processing Year 2006:

Kentucky has removed additional efile restrictions from past years due to tax modernization that passed in March of 2005. We have added 6 new forms/schedules to the efile layout.

Schedule J – Farm Income Averaging – If your software does not support this form in the efile layout then any taxpayer using this form is not eligible for efile.

Form 4972K – Lump-Sum Distribution – If your software does not support this form in the efile layout then any taxpayer using this form is not eligible for efile. Generic record fields 0430 and 0435 are used specifically for this form. Any value in these fields must be supported by this form sent electronically.

Form 8582K – Passive Activity – If your software does not support this form in the efile layout then any taxpayer using this form is not eligible for efile. If any entries are made on Schedule M from this form they must be supported by this form.

Form 8863K – Education Tuition Tax Credit Form - If your software does not support this form in the efile layout then any taxpayer using this form is not eligible for efile. Generic record field 0510 is used specifically for this form. Any value in these fields must be supported by this form sent electronically.

Worksheet A – Credit for Tax Paid to Another State - If your software does not support this worksheet in the efile layout then any taxpayer claiming credit in generic record fields 0675 and 0680 is not eligible for efile. Any value in these fields must be supported by this worksheet sent electronically.

Worksheet B – Nonrefundable Kentucky Corporation Tax Credit - If your software does not support this worksheet in the efile layout then any taxpayer claiming credit in generic record fields 0645 and 0650 is not eligible for efile. Any value in these fields must be supported by this worksheet sent electronically.

This packet contains 9 test records for the purpose of testing with the Kentucky Department of Revenue for acceptance in the individual income tax electronic filing program. The tax table and/or tax computation was used to establish amount of tax. If tax computation is used, the amount of tax may differ by plus or minus \$3. This is acceptable and will be taken into consideration during testing.

Kentucky Test 400-00-4219 is the foreign address test. If you do not support the foreign address in your software package, you must change the address to a Kentucky address. You may also have to change the federal scenario in order to come up with the same federal AGI.

All transmissions must contain the software developer's identification. This identification must be provided before the first test file is transmitted. **A contact name and email address must also be provided for test result notification.** After your software is accepted, an acceptance letter will be issued which must be provided to all software users with the final version of the software.

Developers planning to provide on-line filing must submit a set of test records for their on-line program. This set of returns should be submitted after approval of the practitioner software and should contain the on-line filing indicator **[(alpha) O]** in field 0049 of the generic record.

Developers planning to allow state-only filing must submit a set of test records as state-only. This test should be performed after your package has been approved for fed/state filing. The state-only indicator **[(alpha) SO]** in field 0019 in the generic record should be set for these tests.

Note: For vendors participating in the 2D-Barcoding project for Kentucky, please submit ALL KY PATS scenarios to obtain approval. You may send them by mail or by email (pdf). Once the barcode has been approved, you will receive an approval letter.

The software developer code, contact name and email address should be sent to Marcus.Deaton@ky.gov.

If you have any questions, contact:

Marcus Deaton II
Kentucky Department of Revenue
200 Fair Oaks Lane, Station 68
Frankfort, Kentucky 40620
(502) 564-4581 x4621
Email: Marcus.Deaton@ky.gov

Or

Peggy Barber
Kentucky Department of Revenue
200 Fair Oaks Lane, Station 56
Frankfort, Kentucky 40620
(502) 564-4581 x4672
Email: Peggy.Barber@ky.gov

Kentucky Test Scenario #1

Federal Test 400-00-1007 KY Test 400-00-4207

Taxpayer files single.

Political Party Fund / Taxpayer – Democratic

Taxpayer had income earned in the State of Georgia (Income was included on W-2).

Withholding on W-2 (\$375.00) is for KY

Wages of \$7,000

Tax Paid to GA – \$180.00

Use Form 740, Worksheet A.

Kentucky Test Scenario #2

Federal Test 400-00-1013 KY Test 400-00-4213 / 400-00-4263

Taxpayers file married filing separate on combined return.

Political Party Fund / Spouse – Democratic / Taxpayer – Democratic

Taxpayer files 8863K for education credits. The expenses are for undergraduate studies at Kentucky institutions.

Use Form 740, Form 8863-K.

Kentucky Test Scenario #3

Federal Test 400-00-1015 KY Test 400-00-4215 / 400-00-4265

Taxpayers file married filing joint return.

Political Party Fund / Spouse – Democratic / Taxpayer – Democratic

Taxpayers itemize deductions

- Line 4 – 1197.00
- Line 5 – 640.00
- Line 9 – 1700.00
- Line 14 – 250.00
- Line 15 – 400.00

Taxpayer claims recycling credit (25% of tax liability maximum)

Taxpayer files 8863K for education credits. The expenses are for undergraduate studies at Kentucky institutions.

Taxpayer owes use tax totaling \$68.00 (\$1,130.00 in internet purchases)

Use Form 740, Schedule A, Form 8863-K.

Kentucky Test Scenario #4

Federal Test 400-00-1016 KY Test 400-00-4216

Taxpayer is single, Political Party is Republican

Federal AGI increased to 377,475.00 (Additional Schedule C info below)

Taxpayer claims recycling credit (25% of tax liability maximum)

Taxpayer itemizes deductions for KY (Use page 2, PART II).

- Line 4 – 434.00
- Line 5 – 1040.00
- Line 9 – 9700.00
- Line 14 – 250.00
- Line 15 – 400.00
- Line 28 – 3000.00

Gambling winnings from NY (5000.00), losses from NY (3000.00)

Tax paid on gambling income to NY (150.00)

Paid \$500.00 in estimated tax payments.

Use Form 740, Schedule A, Schedule M, Worksheet A, Worksheet B, Form 725.
Direct Deposit using same account information as federal return.

400-00-4216

Additional **Schedule C** for federal test 400001016/ KY test 400004216

Name – TEST T ISLANDER

SSN – 400004216

- A. AUTO SALES
- B.
- C. TEST AUTO
- D. 61-4216421
- E. 123 ANYPLACE AVE, FRANKFORT, KY 40601
- F. CASH
- G. YES
- 1. 3,010,000
- 2. 10,000
- 3. 3,000,000
- 4. 2,525,000
- 5. 475,000
- 7. 475,000
- 8. 20,000
- 9. 7,300
- 10. 75,000
- 13. 9,924
- 15. 2,000
- 20B. 30,000
- 23. 776
- 28. 145,000
- 29. 330,000
- 31. 330,000

Additional **Form 725** for KY Single Member LLC's.

- A. SINGLE RETURN
- B. 61-4216421 / SSN 400004216
- C. 121111

INFO – TEST AUTO, LLC
TEST T ISLANDER
123 ANYPLACE AVE
FRANKFORT, KY 40601 502-564-4621

KY 1995

AUTO SALES

D. INITIAL RETURN

PART I

- 1. 330,000
- 2. 0
- 3. 330,000
- 4. 1,000
- 5. 29,000
- 6. 300,000
- 7. 9,924
- 8. 9,924
- 9. 0
- 10. 300,000
- 11. 0
- 12. 300,000
- 13. 300,000

PART II

- 1. 3,000,000
- 2. 2,850
- 3a 3,010,000

- 3b 10,000
- 4. 475,000
- 5. 3,562
- PART III
- 1. 18,500
- 2. 2,850
- PART VI
- 1. 18,500
- 2. 175
- 3. 18,325
- 4. 17,491
- 5. 834

Kentucky Test Scenario #5

Federal Test 400-00-1018 KY Test 400-00-4218 / 400-00-4268

Taxpayer files married filing separate return.

Political Party Fund / Taxpayer – Democratic

Taxpayers must itemize deductions

Line 7 – 105.00

Line 9 – 1200.00

Line 15 – 580.00

Use Form 740, Schedule A, Form 2210-K.

Taxpayer pays using direct debit

Routing # 283975881

Acct # 00065879879

Type Acct. Checking

Kentucky Test Scenario #6

Federal Test 400-00-1019 KY Test 400-00-4219 / 400-00-4269

Taxpayers file married filing separate on combined return.

Political Party Fund / Spouse – Democratic / Taxpayer – Democratic

Use Form 740, Schedule M, Schedule P, Form 4972-K.

Kentucky Test Scenario #7

Federal Test 400-00-1020 KY Test 400-00-4220 / 400-00-4270

Taxpayers file married filing separate on combined return.

Political Party Fund / Spouse – Republican / Taxpayer – No Designation

Taxpayers itemize deductions (Use page 2, PART II)

Line 5 – 97.00
Line 6 – 186.00
Line 9 – 3500.00
Line 14 – 2000.00
Line 19 – 10500.00
Line 20 – 8536.00
Line 22 – 1978.00
Line 23 – 150.00
Line 25 – 2128.00
Line 26 – 1707.00

Taxpayer & spouse claim recycling credit (25% of tax liability maximum)

Use Form 740, Schedule A, Schedule M, Form 2210-K.

Kentucky Test Scenario #8

Federal Test 400-00-1021 KY Test 400-00-4221 / 400-00-4271

Taxpayers file married filing separate on combined return.

Political Party Fund / Spouse – Democratic / Taxpayer – No Designation

Taxpayers itemize deductions (Use page 2, PART I)

Line 6 – 800.00
Line 9 – 4700.00
Line 14 – 400.00
Line 22 – 4551.00
Line 25 – 4551.00
Line 26 – 1500.00

On 2210K, Previous year's liability was \$425.00. Taxpayer uses PART I, Exclusion #3

Test L Charity w-2 state info is as follows:

KY / 562211	7000	175
GA / 586671	10000	248
VA / 548745	5000	124
AL / 635698	15000	373

Fills out separate Worksheet A for each other state (GA / VA / AL)

Use Form 740, Schedule A, Schedule M, Form 2210-K, Worksheet A (3).

Federal Test 400-00-1030

KY Test 400-00-4230

Taxpayers file joint return.

Political Party Fund / Spouse – Democratic / Taxpayer – No Designation

Use Schedule J for Farm Income. All 3 preceding years had \$0 taxable income.

Taxpayer is member of Kentucky National Guard.

Paid \$500 as estimated tax payment.

Use Form 740, Schedule J, Schedule M.